

Message Text

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ACTION DOE-15

INFO OCT-01 ARA-10 EUR-12 ISO-00 SOE-02 EB-08 AID-05
CEA-01 CIAE-00 COME-00 DODE-00 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 /141 W
-----094273 122004Z /66

R 112256Z JUL 78

FM AMEMBASSY GUATEMALA
TO SECSTATE WASHDC 0921
INFO AMEMBASSY MEXICO
AMEMBASSY PANAMA
AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: ENRG, GT

SUBJ: INFORMATION FOR DEPARTMENT OF ENERGY ON THE TRANS-
GUATEMALA PIPELINE PROPOSAL

REF: A) STATE 172520 B) GUATEMALA 2494 ETAL

1. SUMMARY. INFORMATION ADDITIONAL TO PREVIOUS REPORTING ON
PROPOSED TRANS-GUATEMALA PIPELINE HAS BEEN DEVELOPED, BUT
BASIC OUTLINE REMAINS UNCHANGED. WE BELIEVE NEW GOVERNMENT
DECISIONS ARE NOT IMMEDIATELY PENDING ALTHOUGH, AS NOTED
BELOW, ISSUE WILL BE RAISED. EMBASSY ANTICIPATES DOE WILL
EXERCISE CAUTION IN DEALING WITH PIPELINE PROMOTER CAPICO
TO AVOID UTILIZATION OF USG IN LOCAL PROMOTION EFFORT.
END SUMMARY.

2. EMBASSY HAS INFORMALLY DISCUSSED PROJECT WITH EDMUNDO NANNE,
LOCAL BUSINESSMAN PARTICIPANT (WHO IS ALSO BROTHER-IN-LAW
OF VICE PRESIDENT VILLAGRAN KRAMER). SR. NANNE STATES
CAPICO WILL REINITIATE PROMOTION OF PIPELINE WITH GOG IN
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THE NEAR FUTURE WHEN NEW OFFICIALS HAVE SETTLED IN. PRI-
MARY OBJECTIVES WILL BE DIRECTOR OF MINES AND HYDROCARBONS
AND MINISTER OF ECONOMY, BUT OTHER MINISTERS WILL BE
APPROACHED. SR. NANNE STATED ANTICIPATED COST OF PROJECT
AS NEAR \$700 MILLION A BIT HIGHER THAN PREVIOUSLY. HE
STATED A NEW TERMINAL PORT WOULD BE CONSTRUCTED NEAR THE
SALVADORAN BORDER ON THE PACIFIC SIDE OF GUATEMALA

RATHER THAN USING EITHER CHAMPERICO OR PUERTO SAN JOSE. THERE WAS NOTHING IN SR. NANNE'S DISCUSSION TO INDICATE ANY MAJOR CHANGES IN THE CAPICO PROGRAM. HE INDICATED THAT FERNANDO GALLO WOULD CONTINUE TO PROMOTE THE PROJECT IN THE US.

3. A CHECK WITH THE VICE MINISTER OF ECONOMY INDICATES THAT THE PIPELINE ISSUE HAS NOT REACHED THE UPPER LEVELS OF THAT MINISTRY IN THE FORM OF A DECISION DOCUMENT. NONETHELESS, THE PROJECT IS WELL-KNOWN AND LIKELY TO RECEIVE A REASONABLE HEARING. THIS IS PARTICULARLY SO SINCE NO FINANCIAL COMMITMENT IS BEING REQUESTED FROM THE GOVERNMENT OF GUATEMALA. WHAT THE GOG MIGHT REQUEST OF THE PROMOTERS IS NOT CLEAR, ALTHOUGH A FIGURE OF FIVE CENTS PER BARREL OF THROUGHPUT IS MENTIONED IN PRESS.

4. THE COMPETING PROPOSAL REMAINS "AN EXERCISE" WITHIN THE NATIONAL RAILROAD, ACCORDING TO THE GENERAL MANAGER. THERE IS NO INDICATION IT IS BEING PURSUED AT THE MOMENT.

5. MEDIA TREATMENT OF THE PIPELINE PROJECT HAS INCLUDED SEVERAL INSTANCES WHICH PRESUME OR ACTUALLY STATE THAT THE USG ACTIVELY SUPPORTS THE CREATION OF SUCH A PIPELINE AND IS A PROTAGONIST SEEKING ITS CONSTRUCTION. THIS MIS-CONCEPTION CONTRIBUTES TO A NATIONALISTIC REFLEX IN THE MEDIA TO THE EFFECT THAT "NATIONAL SOVEREIGNTY" MUST BE LIMITED OFFICIAL USE

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PROTECTED IN THE GRANTING OF ANY PIPELINE CONSTRUCTION RIGHTS. ADDITIONALLY, REACTION CAN BE EXPECTED FROM THE POLITICAL LEFT SUCH AS STATEMENTS FROM SAN CARLOS UNIVERSITY. TO DATE, THIS CONFUSION HAS NOT BEEN SO SERIOUS AS TO WARRANT AN EMBASSY CORRECTION, BUT CIRCUMSPECTION TO AVOID ANY IMPLICATION OF USG SUPPORT OR PARTICIPATION IN THE PROJECT IS NECESSARY WHEN DEALING WITH INTERESTED PARTIES.

6. IN ANY EVENT, DEPARTMENT AND DOE SHOULD BE AWARE THAT PIPELINE IDEA HAS ALREADY STIMULATED MUCH DISCUSSION IN LOCAL MEDIA AND POLITICAL CIRCLES. MANY GUATEMALANS WITH NO PARTICULAR POLITICAL AXE TO GRIND TAKE THE POSITION THAT A PROJECT SO VITAL TO US NATIONAL INTERESTS AS ITS PROMOTERS PURPORT WOULD INVITE US INTERVENTION TO PROTECT IT IF NECESSARY. WE HAVE HEARD MENTIONED NOT ONLY PANAMA CANAL BACKGROUND BUT ALSO, CLOSER-TO-HOME, THE US-BACKED OVERTHROW OF ARBENZ REGIME IN SUPPORT OF UNITED FRUIT COMPANY INTERESTS, AS HISTORICAL BASES FOR THIS APPREHENSION.

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Message Attributes

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